



The Daily

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Releases

Monthly Survey of Manufacturing, June 2005 2

Soaring petroleum prices were more than enough to boost manufacturing shipments 0.5% to \$50.3 billion in June. This was only the second increase in shipments in the last five months. Excluding the petroleum and coal products industry, manufacturing shipments edged down 0.1%.

New motor vehicle sales, June 2005 6

Incentives by new motor vehicle dealers helped boost sales by 7.4% in June, offsetting the sales slide in May.

Innovation in the food processing industry, 2003 9

Dairy statistics, June 2005 10

Natural gas liquids and liquefied petroleum gases, December 2004 to March 2005 10

New products 11



Releases

Monthly Survey of Manufacturing

June 2005

Soaring petroleum prices were more than enough to boost manufacturing shipments 0.5% to \$50.3 billion in June. This was only the second increase in shipments in five months. Excluding the petroleum and coal products industry, manufacturing shipments edged down 0.1%.

Just over half (12 of 21) of manufacturing industries posted increases in June, accounting for 44% of total shipments. Durable goods shipments grew 0.5% to \$28.2 billion, following a decline of 1.3% in May. Shipments of nondurable goods advanced 0.4% to \$22.2 billion, largely attributable to the increase in shipments of petroleum.

Manufacturers wary about production prospects

According to the July Business Conditions Survey, manufacturers remain wary about their short-term prospects, with 22% of manufacturers indicating they would decrease production in the third quarter. Fewer new orders, record rates of capacity utilization and inclement weather were some of the challenges facing manufacturers in recent months.

Despite volatility in various industries, manufacturing shipments have essentially plateaued since October 2004, with the trend in shipments remaining flat in June. At 1997 prices, shipments were unchanged following a 0.6% decrease in May.

Shipments were higher in six provinces in June but fell in Prince Edward Island, Manitoba, Saskatchewan and British Columbia. Wide ranging increases were reported in Quebec (+\$79.5 million), Nova Scotia (+\$61.7 million) and Ontario (+\$46.7 million), offsetting lower shipments in British Columbia (-\$27.4 million) and Manitoba (-\$22.2 million).

Rising oil prices boost shipments

Record high petroleum prices continued to propel petroleum and coal product shipments. Crude oil prices closed in on US \$61 per barrel in the last days of June, due to speculation over rising US demand, limited production capacity and ongoing geo-political concerns. Shipments of petroleum and coal products increased 6.5% to \$4.7 billion in June, the 18th rise in 20 months.

Also contributing to the gain in shipments, primary metal manufacturing rose 3.3% to \$3.9 billion following

Note to readers

Non-durable goods industries include food, beverage and tobacco products, textile mills, textile product mills, clothing, leather and allied products, paper, printing and related support activities, petroleum and coal products, chemicals and plastic and rubber products.

Durable goods industries include wood products, non-metallic mineral products, primary metals, fabricated metal products, machinery, computer and electronic products, electrical equipment, appliances and components, transportation equipment, furniture and related products and miscellaneous manufacturing.

Unfilled orders are a stock of orders that will contribute to future shipments assuming that the orders are not cancelled.

New orders are those received whether shipped in the current month or not. They are measured as the sum of shipments for the current month plus the change in unfilled orders. Some people interpret new orders as orders that will lead to future demand. This is inappropriate since the "new orders" variable includes orders that have already been shipped. Readers should note that the month-to-month change in new orders may be volatile. This will happen particularly if the previous month's change in unfilled orders is closely related to the current month's change.

Not all orders will be translated into Canadian factory shipments because portions of large contracts can be subcontracted out to manufacturers in other countries.

four consecutive decreases. Shipments of computer and electronic products continued on a positive trend, rising (+5.9%) for the fifth time in six months to \$1.9 billion.

Manufacturing shipments, provinces and territories

	May 2005 ^r	June 2005 ^p	May to June 2005
Seasonally adjusted			
	\$ millions		% change
Canada	50,111	50,341	0.5
Newfoundland and Labrador	238	273	15.1
Prince Edward Island	138	133	-4.2
Nova Scotia	790	852	7.8
New Brunswick	1,295	1,331	2.8
Quebec	11,729	11,808	0.7
Ontario	25,539	25,586	0.2
Manitoba	1,099	1,077	-2.0
Saskatchewan	833	814	-2.3
Alberta	4,863	4,905	0.9
British Columbia	3,578	3,551	-0.8
Yukon	1	1	-3.1
Northwest Territories including Nunavut	7	9	28.6

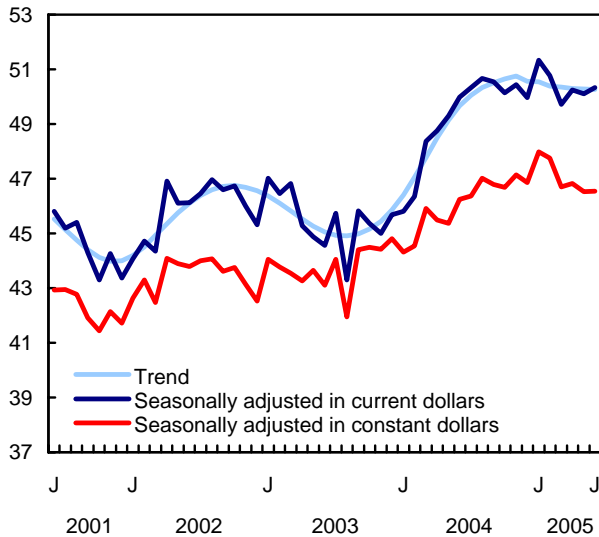
^r Revised data.

^p Preliminary data.

Partially offsetting the increase in shipments were decreases reported by manufacturers of chemical products (-4.2%) and motor vehicles (-2.3%). Shipments of motor vehicles fell for the fourth time since January.

Manufacturing shipments up

\$ billions



Unfilled orders up again

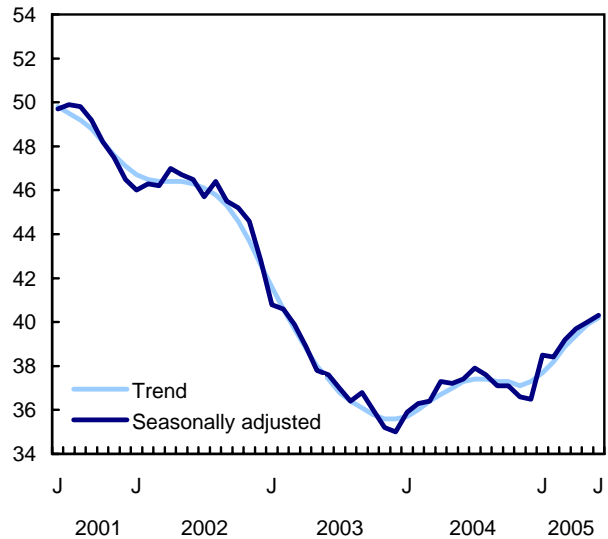
Manufacturers' level of unfilled orders increased for the fifth time in six months, rising 0.7% to \$40.3 billion in June. Unfilled orders currently stand 7.9% higher compared to June 2004.

The railroad and rolling stock (+3.6%), aerospace products and parts (+0.9%) and computer and electronic products (+1.4%) industries were the main contributors to the rise in unfilled orders in June. Unfilled orders for computer and electronic products increased for the sixth consecutive month and have now reached a level not seen since January 2003.

The rise in unfilled orders was partially offset by a 7.2% drop in the backlog of orders for motor vehicles.

Backlog of unfilled orders continues to rise

\$ billions



Manufacturers' inventories continue to accumulate

Sizable gains in goods-in-process resulted in a 0.3% rise in total inventories to \$64.9 billion in June. This marked the 18th consecutive rise in inventories, which now stand at the highest level since September 2001. The July Business Conditions Survey noted that just over one-quarter (26%) of manufacturers stated that their inventories were too high.

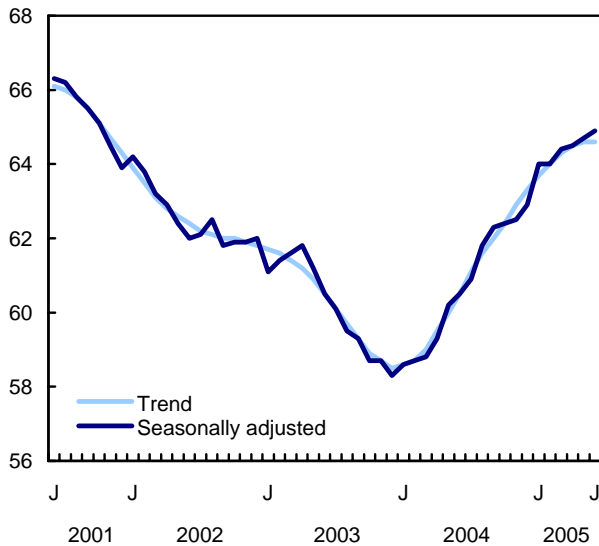
Goods-in-process inventories rose 1.3% to \$14.6 billion, while inventories of raw materials were relatively unchanged (+0.1%) for the second month in a row at \$28.0 billion in June.

Finished product inventories slipped 0.2% to \$22.3 billion, marking only the third decrease over the last year. Manufacturers have reported a gradual build up in their finished products since early 2004.

Resource-based industries dominated the month with manufacturers of petroleum (+8.2%), primary metals (+2.1%) and wood products (+2.3%) reporting higher inventories. These industries were partly offset by decreases in chemical products (-2.5%) and motor vehicle parts (-5.2%) inventories.

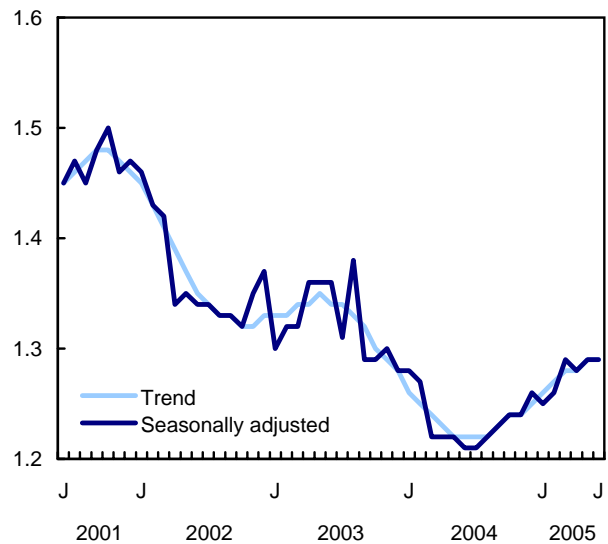
Resource-based industries boost inventories

\$ billions



Inventory-to-shipment ratio steady

Ratio



Inventory-to-shipment ratio stable

The inventory-to-shipment ratio remained stable at 1.29 in June. The ratio has been slowly climbing over the past year and now stands well above June 2004's record low of 1.21.

The inventory-to-shipment ratio is a key measure of the time, in months, that would be required in order to exhaust inventories if shipments were to remain at their current level.

New orders rise

New orders received by manufacturers increased 0.4% to \$50.6 billion in June, following a 0.7% decline in May. New orders have increased 4.0% so far this year compared to the first six months of 2004.

Manufacturers' reported a surge in new orders for railroad and rolling stock in June. The machinery industry and the primary metal product industry also reported increases in new orders. New orders for motor vehicle industry were down 3.4%.

Available on CANSIM: tables 304-0014, 304-0015 and 377-0008.

Definitions, data sources and methods: survey number 2101.

Data from the July Monthly Survey of Manufacturing will be released on September 14.

For general information or to order data, contact the dissemination officer (1-866-873-8789; 613-951-9497; fax: 613-951-9499; manufact@statcan.ca). To enquire about the concepts, methods or data quality of the release, contact Jennie Wang (613-951-9832, wangali@statcan.ca), Manufacturing, Construction and Energy Division.

□

Shipments, inventories and orders in all manufacturing industries

	Shipments		Inventories		Unfilled orders		New orders		Inventories-to-shipments ratio
	Seasonally adjusted								
	\$ millions	% change	\$ millions	% change	\$ millions	% change	\$ millions	% change	
June 2004	49,988	1.4	60,492	0.6	37,375	0.4	50,136	1.8	1.21
July 2004	50,325	0.7	60,938	0.7	37,906	1.4	50,856	1.4	1.21
August 2004	50,667	0.7	61,823	1.5	37,592	-0.8	50,353	-1.0	1.22
September 2004	50,552	-0.2	62,268	0.7	37,144	-1.2	50,104	-0.5	1.23
October 2004	50,146	-0.8	62,364	0.2	37,096	-0.1	50,098	0.0	1.24
November 2004	50,437	0.6	62,478	0.2	36,570	-1.4	49,911	-0.4	1.24
December 2004	49,964	-0.9	62,902	0.7	36,527	-0.1	49,922	0.0	1.26
January 2005	51,332	2.7	63,978	1.7	38,536	5.5	53,340	6.8	1.25
February 2005	50,769	-1.1	64,147	0.3	38,434	-0.3	50,667	-5.0	1.26
March 2005	49,721	-2.1	64,357	0.3	39,189	2.0	50,475	-0.4	1.29
April 2005	50,242	1.0	64,481	0.2	39,717	1.3	50,770	0.6	1.28
May 2005	50,111	-0.3	64,719	0.4	40,025	0.8	50,419	-0.7	1.29
June 2005	50,341	0.5	64,887	0.3	40,321	0.7	50,636	0.4	1.29

Manufacturing industries except motor vehicle, parts and accessories

	Shipments		Inventories		Unfilled orders		New orders	
	Seasonally adjusted							
	\$millions	% change	\$millions	% change	\$millions	% change	\$millions	% change
June 2004	41,007	1.6	57,086	0.7	35,321	0.5	41,195	2.2
July 2004	41,366	0.9	57,496	0.7	35,787	1.3	41,832	1.5
August 2004	41,594	0.6	58,291	1.4	35,572	-0.6	41,378	-1.1
September 2004	41,391	-0.5	58,785	0.8	35,224	-1.0	41,044	-0.8
October 2004	41,420	0.1	58,930	0.2	35,284	0.2	41,480	1.1
November 2004	41,845	1.0	59,171	0.4	34,754	-1.5	41,314	-0.4
December 2004	41,282	-1.3	59,501	0.6	34,612	-0.4	41,140	-0.4
January 2005	42,088	2.0	60,565	1.8	36,432	5.3	43,908	6.7
February 2005	41,964	-0.3	60,856	0.5	36,176	-0.7	41,707	-5.0
March 2005	41,778	-0.4	61,002	0.2	36,908	2.0	42,510	1.9
April 2005	41,935	0.4	61,148	0.2	37,475	1.5	42,502	-0.0
May 2005	41,926	-0.0	61,363	0.4	37,804	0.9	42,255	-0.6
June 2005	42,228	0.7	61,586	0.4	38,205	1.1	42,629	0.9

New motor vehicle sales

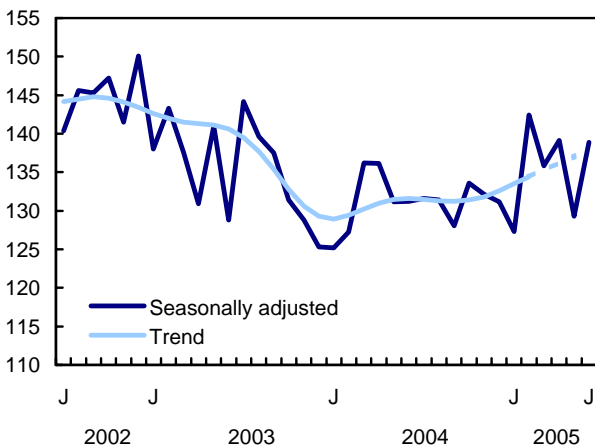
June 2005

Incentives by new motor vehicle dealers helped boost sales by 7.4% in June, offsetting the sales slide in May. In all, 138,875 new vehicles were sold in June, up 9,613 units compared to May. Passenger cars accounted for more than two-thirds of the increase.

June's improvement in sales may partly be due to additional financial incentives offered by some car makers. According to the Consumer Price Index, these incentives resulted in a 0.5% decline in the price paid for new vehicles in June.

New motor vehicles sales recover from the slide in May

'000 units



The last few points could be subject to revisions when more data are added. This is indicated by the dashed line.

New motor vehicle sales have charted an upward course since the start of 2005, despite strong monthly fluctuations. This trend looks set to strengthen with preliminary figures indicating that new vehicle sales rose by approximately 7% in July, stimulated by the introduction of new employee-pricing incentive programs. In 2004, new motor vehicle sales remained relatively stable except for a string of increases at the start of the year.

Note to readers

All data in this release are seasonally adjusted.

Passenger cars include those used for personal and commercial purposes, such as taxis or rental cars. **Trucks** include minivans, sport-utility vehicles, light and heavy trucks, vans and buses.

North American-built new motor vehicles include vehicles manufactured or assembled in Canada, the United States or Mexico. All other new motor vehicles are considered to have been manufactured overseas.

Vehicles built by transplant automakers are vehicles built or assembled in North America by foreign automakers that have established themselves here.

For reasons of confidentiality, data for Yukon, the Northwest Territories and Nunavut are included with those for British Columbia.

The New Motor Vehicle Sales Survey is compiled on the basis of figures obtained from motor vehicle manufacturers and importers. These results may vary from those obtained directly from auto dealers, due to possible differences in record keeping.

Car and truck sales rebound

In June, sales of both passenger cars and trucks regained the ground lost in May.

Sales of new passenger cars jumped 10.2% to 71,897 units in June, recovering from a similar sized drop in May. This increase was almost entirely attributable to sales of North American-built passenger cars, which rebounded 15.2% in June after falling by a similar amount in May. Sales of overseas-built cars increased for the third straight month, rising 0.9% in June.

New truck sales increased 4.6% in June to 66,978 units following a 3.5% decline in May. Trucks include minivans, sport-utility vehicles, light and heavy trucks, vans and buses.

Since the start of 2005, sales of both cars and trucks have maintained an upward trend despite major fluctuations, which have been much more pronounced for cars. After sizeable sales gains at the start of the year, new vehicle sales were relatively stable in 2004, in contrast with the steep declines in the second half of 2003.

Sales gains relatively modest in second quarter

For both cars and trucks, sales advanced much less quickly in the second quarter of 2005 than in the first quarter. Overall sales of new vehicles edged up 0.4% in the second quarter compared to the 2.1% gain in the first quarter.

Sales of new passenger cars grew 0.7% in the second quarter compared to the first quarter. This gain was entirely attributable to overseas-built cars, which advanced 6.1%, whereas North American-built cars declined 1.7% during the same period.

Quarterly sales of trucks remained almost unchanged (+0.2%) compared to the first quarter.

Sales up in all provinces

New vehicle sales were up in every province in June. The gains varied from 0.9% in Newfoundland and Labrador to 12.1% in Alberta. This was a reversal from one month earlier when sales declined in all provinces.

However, nearly 80% of the national increase in the number of new vehicles sold in June (9,613 units) occurred in three provinces. In Quebec, where

one-quarter of all sales took place, the gain in June (+9.9%) accounted for one-third of the national increase in the number of new motor vehicles sold compared to May. In Ontario, with more than one-third of total sales, June's 4.9% increase accounted for one-quarter of the national monthly increase. In Alberta, where 13.5% of national sales occurred, the 12.1% advance in June represented one-fifth of the national increase.

Available on CANSIM: tables 079-0001 and 079-0002.

Definitions, data sources and methods: survey number 2402.

The June 2005 issue of *New Motor Vehicle Sales* (63-007-XIE, \$14/\$133) will be available soon.

Data on new motor vehicle sales for July will be released on September 15.

For general information or to order data, contact Client Services (1-877-421-3067; 613-951-3549; retailinfo@statcan.ca). To enquire about the concepts, methods or data quality of this release, contact Cl rance Kimanyi (613-951-6363), Distributive Trades Division. □

New motor vehicle sales

	June 2004	May 2005 ^r	June 2005 ^p	June 2004 to June 2005	May to June 2005
seasonally adjusted					
	number of vehicles			% change	
New motor vehicles	131,241	129,262	138,875	5.8	7.4
Passenger cars	68,782	65,232	71,897	4.5	10.2
North American ¹	45,941	42,503	48,961	6.6	15.2
Overseas	22,841	22,730	22,937	0.4	0.9
Trucks, vans and buses	62,459	64,030	66,978	7.2	4.6
New motor vehicles					
Newfoundland and Labrador	1,833	2,054	2,072	13.0	0.9
Prince Edward Island	387	380	416	7.5	9.5
Nova Scotia	4,055	3,686	3,842	-5.3	4.2
New Brunswick	2,747	2,545	2,837	3.3	11.5
Quebec	34,180	32,408	35,632	4.2	9.9
Ontario	49,618	49,269	51,679	4.2	4.9
Manitoba	3,809	3,584	3,948	3.6	10.2
Saskatchewan	3,305	3,234	3,491	5.6	7.9
Alberta	15,867	16,756	18,786	18.4	12.1
British Columbia ²	15,439	15,346	16,173	4.8	5.4
	June 2004	May 2005	June 2005 ^p	June 2004 to June 2005	
unadjusted					
	number of vehicles			% change	
New motor vehicles	154,134	161,865	166,040	7.7	
Passenger cars	80,237	88,257	85,599	6.7	
North American ¹	53,326	58,678	57,953	8.7	
Overseas	26,911	29,579	27,646	2.7	
Trucks, vans and buses	73,897	73,608	80,441	8.9	
New motor vehicles					
Newfoundland and Labrador	2,472	2,916	2,865	15.9	
Prince Edward Island	511	493	553	8.2	
Nova Scotia	5,195	5,422	4,916	-5.4	
New Brunswick	3,522	3,478	3,682	4.5	
Quebec	39,984	42,835	43,269	8.2	
Ontario	58,373	59,860	62,045	6.3	
Manitoba	4,380	4,263	4,558	4.1	
Saskatchewan	3,527	3,584	3,784	7.3	
Alberta	18,130	20,808	21,327	17.6	
British Columbia ²	18,040	18,206	19,041	5.5	

^r Revised

^p Preliminary figures.

1. Manufactured or assembled in Canada, the United States or Mexico.

2. Includes Yukon, the Northwest Territories and Nunavut.



Innovation in the food processing industry 2003

Companies in the food processing industry that introduce product innovations tend to reap the economic benefits, according to a new survey on the nature and extent of innovation in the industry.

The survey, conducted during the winter of 2004 on behalf of Agriculture and Agri-Food Canada, covered about 800 establishments.

For the purpose of the survey, product innovation was defined as both goods and services whose fundamental characteristics or intended uses were new, or differed significantly from other products or services, produced by the industry in North America.

More than one-third (37%) of these establishments introduced product innovations to the market during their three fiscal years ending in 2003. Of those that did, nearly two-thirds (64%) reported that the margins on their innovative products were higher than the margins on their traditional products.

Establishments most likely to have introduced product innovations were those in fruit and vegetable preserving and specialty food manufacturing, where more than one-half (55%) did so during the three-year period. They were followed by 47% of sugar and confectionery product manufacturing establishments.

Establishments in the seafood product preparation and packaging sector were least likely to have introduced product innovations, with just 16% of companies having done so.

About 55% of establishments that developed product innovations did so by significantly adapting, improving or modifying existing products. Another 36% developed completely new products.

As well, just under one-quarter of establishments introduced process innovations to their production lines.

Process innovation includes production techniques, production processes, systems monitoring and biotechnology processes that were new to the industry in North America.

For 45% of respondents, process innovation resulted in greatly improved productivity and reduced production costs. Another 37% cited the major impacts to be improved product safety, quality and consistency and creating the ability to produce a new product.

Over two-thirds of establishments reported that their process innovations were most often developed by significantly adapting, improving or modifying existing equipment, technologies or systems. Another 13% reported they most often developed new equipment, technologies or systems.

Over 70% of establishments invested in innovation during the three-year period. One in 10 establishments allocated more than 6% of their annual gross expenditures for food manufacturing on innovation activities during the three-year period. Just under one-third of establishments spent between 1% and 5%, while 29% spent less than 1%.

Of the companies that developed innovations, 28% attempted to raise capital specifically for innovation. About two-thirds succeeded in reaching their target funds, while one-third were unsuccessful. Banks, cooperatives and credits unions provided the largest source of funding.

In the area of product expansion, the main objective of 62% of companies that introduced product innovation was to add new products to their existing lines. Another 35% cited creating superior product differentiation and branding.

In the area of market expansion, the main objective of 57% of companies was to increase market share.

In the area of product characteristics, meeting the standards or requirements of buyers was the leading objective of 58% of companies.

Definitions, data sources and methods: survey number 5072.

To request data, to obtain more information, or to enquire about the concepts, methods or data quality of this release, contact Shelley Harman (613-951-2000; shelley.harman@statcan.ca), Small Business and Special Surveys Division. ■

Dairy statistics

June 2005 (preliminary)

Consumers purchased 231 300 kilolitres of milk and cream in June, down 2.4% from June 2004. Sales of milk were down 3.0% compared with a year earlier to 208 700 kilolitres. Sales of cream stood at 22 600 kilolitres, up 3.3% from June 2004.

Available on CANSIM: tables 003-0007 to 003-0012, 003-0029, 003-0033 and 003-0034.

Definitions, data sources and methods: survey numbers, including related surveys, 3430, 3431 and 3432.

The second quarter issue of *The Dairy Review* (23-001-XIB, \$29/\$96) will be available soon.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Anna Michalowska (613-951-2442; 1-800-465-1991; fax: 613-951-3868), Agriculture Division. ■

Natural gas liquids and liquefied petroleum gases

December 2004 to March 2005

Data on the supply and demand for natural gas liquids and liquefied petroleum gases are now available from December 2004 to March 2005.

Available on CANSIM: table 132-0001.

Definitions, data sources and methods: survey number 7524.

For more information, or to enquire about the concepts, methods or data quality of this release, contact the dissemination officer (1-866-873-8789; 613-951-9497; energ@statcan.ca), Manufacturing, Construction and Energy Division. ■

New products

Agriculture and Rural Working Paper Series:
Factors Leading to the Implementation of Beneficial Management Practices for Manure Management on Canadian Hog Operations, 2001, no. 74
Catalogue number 21-601-MIE2005074
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All prices are in Canadian dollars and exclude sales tax. Additional shipping charges apply for delivery outside Canada.

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Statistics Canada

Thursday, June 9, 1997
For release at 9:30 a.m.



MAJOR RELEASES

- **Urban transit, 1995** 2
Despite the emphasis on taking urban transit, Canadians are using it less and less. In 1996, each Canadian took an average of about 10 trips on some form of urban transit, the lowest level in the past 25 years.
- **Productivity, hourly compensation and unit labour cost, 1995** 4
Growth in productivity among Canadian businesses was robustly weak again in 1996 accompanied by sluggish gains in employment and slow economic growth during the year.

OTHER RELEASES

- **Harvested Index May 1997** 3
- **Short-term Expectations Survey** 3
- **Steel primary forms, week ending May 31, 1997** 12
- **Egg production, April 1997** 12

PUBLICATIONS RELEASED 11

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